

**SACRAMENTO CITY FINANCING AUTHORITY**

§ \_\_\_\_\_  
**2006 Capital Improvement Revenue Bonds, Series A**  
**(Community Reinvestment Capital Improvement Program)**

§ \_\_\_\_\_  
**2006 Taxable Capital Improvement Revenue Bonds, Series B**  
**(Community Reinvestment Capital Improvement Program)**

\_\_\_\_\_  
**PURCHASE CONTRACT**  
\_\_\_\_\_

\_\_\_\_\_, 2006

Board of Directors  
Sacramento City Financing Authority  
Sacramento, California

City Council  
City of Sacramento  
Sacramento, California

Ladies and Gentlemen:

The undersigned, Merrill Lynch, Pierce, Fenner & Smith Incorporated as representative (the "Representative") of itself, Goldman, Sachs & Co., Stone & Youngberg, LLC, E. Wagner & Associates, Inc. and Siebert Brandford Shank & Co., LLC (collectively, the "Underwriters"), hereby offers to enter into this Purchase Contract (the "Purchase Contract") with the Sacramento City Financing Authority (the "Authority"), to be approved by the City of Sacramento (the "City") which, upon acceptance by the Authority and approval by the City, will be binding upon the Authority, the City and the Underwriters. This offer is made subject to the Authority's acceptance and the City's approval at or before 11:59 P.M., California time, on the date hereof. If this offer is not so accepted, this offer will be subject to withdrawal by the Underwriters upon notice delivered to the Authority and the City at any time prior to such acceptance and approval. All capitalized terms used herein not otherwise defined herein shall have the respective meanings ascribed thereto in the Official Statement (as hereinafter defined).

1. Purchase, Sale and Delivery of the Bonds.

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters hereby agree to purchase from the Authority and the Authority agrees to sell and deliver to the Underwriters all (but not less than

all) of the \$\_\_\_\_\_ aggregate principal amount of the Authority's 2006 Capital Improvement Revenue Bonds, Series A (Community Reinvestment Capital Improvement Program) (the "Series A Bonds") and the \$\_\_\_\_\_ aggregate principal amount of the Authority's 2006 Taxable Capital Improvement Revenue Bonds, Series B (Community Reinvestment Capital Improvement Program) (the "Series B Bonds" and together with the Series A Bonds, the "Bonds"). The Bonds shall be issued pursuant to an Indenture, dated as of June 1, 2006 (the "Indenture"), by and between the Authority and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"). The Bonds shall mature and shall be subject to redemption on the dates and in the amounts, and shall bear interest at the interest rates per annum set forth on Exhibit A hereto and as otherwise described in the Official Statement (as hereinafter defined). The aggregate purchase price for the Series A Bonds shall be \$\_\_\_\_\_ (consisting of the \$\_\_\_\_\_ aggregate principal amount of the Bonds, less \$\_\_\_\_\_ of Underwriters' discount, [plus/less] \$\_\_\_\_\_ of net original issue [premium/discount]). The aggregate purchase price for the Series B Bonds shall be \$\_\_\_\_\_ (consisting of the \$\_\_\_\_\_ aggregate principal amount of the Bonds, less \$\_\_\_\_\_ of Underwriters' discount, [plus/less] \$\_\_\_\_\_ of net original issue [premium/discount]).

(b) The Bonds are being issued to provide funds (i) to finance and refinance public capital improvements and redevelopment projects within the City of Sacramento and [related] working capital expenditures, (ii) to fund reserve subaccounts for the Bonds and (iii) to pay costs of issuance of the Bonds.

The Bonds shall be payable from and secured by Revenues, which consist primarily of amounts payable by the City pursuant to the Program Obligation (defined below) (the "Revenues") to be received by the Authority from the City and certain other funds provided in the Indenture. The Authority has adopted a program to provide assistance to the City in the financing and refinancing of capital improvements to achieve their public purposes.

The Program Obligation, payment on which secures repayment of the Bonds, consists of the Sixth Amendment to Master Project Lease, dated as of June 1, 2006 (the "Program Obligation" or "Sixth Amendment to Master Project Lease"), between the Authority and the City. The City and the Authority executed and entered into a Master Project Lease, dated as of December 1, 1999 (as amended, the "Master Project Lease") pursuant to which the City leases various real properties and improvements thereon from the Authority. The City has covenanted under the Master Project Lease, assuming the leased facilities are available for use and occupancy by the City, to make the necessary annual appropriations for all such rental payments due thereunder (including the rental payments due under the Sixth Amendment to Master Project Lease) (collectively, "Base Rental Payments") from its General Fund. The Authority and the City will also enter into a Fifth Amendment to Master Site Lease, dated as of June 1, 2006 (the "Fifth Amendment to Master Site Lease"), which will amend the Master Site Lease, dated as of December 1, 1999 (as amended, the Master Site Lease), between the City and the Authority, to add to the property leased from the City to the Authority under the Master Site Lease and subsequently leased back to the City by the Authority under the Master Project Lease.

[Payment of the principal and interest on the Bonds when due will be guaranteed by a municipal bond new issue insurance policy (the "Bond Insurance Policy") to be issued

simultaneously with the delivery of the Bonds by \_\_\_\_\_ (the "Bond Insurer").]

(c) The City will undertake, pursuant to a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") to provide certain annual financial information and notices of the occurrence of certain events, if material. The form of the Continuing Disclosure Certificate is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement (as hereinafter defined).

The Indenture, the Program Obligation, the Master Project Lease, the Fifth Amendment to Master Site Lease, the Master Site Lease and the Continuing Disclosure Certificate shall be collectively referred to herein as the "Financing Documents."

(d) At 8:00 a.m., California time, on June \_\_, 2006, or at such other time or on such other date as the Authority, the City and the Underwriters mutually agree upon (the "Closing Date"), the Authority will deliver or cause to be delivered to the Underwriters, the Bonds (delivered through the book-entry system of The Depository Trust Company ("DTC")), duly executed, and at the offices of Orrick, Herrington & Sutcliffe LLP, in Sacramento, California, or at such other place as the Authority, the City and the Underwriters shall have mutually agreed upon, the other documents mentioned herein. The Underwriters will accept such delivery and pay the Purchase Price as set forth in subparagraph (a) above in immediately available funds (such delivery and payment being herein referred to as the "Closing") payable to the order of the Trustee.

(e) The Underwriters agree to make a bona fide public offering of the Bonds at the initial offering prices set forth in the Official Statement, which prices may be changed from time to time by the Underwriters after such offering. The Authority and the City hereby authorize the Underwriters to use the forms or copies of the Financing Documents and the Official Statement and the information contained therein in connection with the public offering and sale of the Bonds.

2. Authority of Representative. The Underwriters have designated Merrill Lynch, Pierce, Fenner & Smith Incorporated as their Representative. Merrill Lynch, Pierce, Fenner & Smith Incorporated has been duly authorized in writing to execute this Purchase Contract and has been duly authorized to act hereunder on behalf of the Underwriters.

3. Delivery of Official Statement. The Authority and the City hereby ratify, confirm and approve the use and distribution by the Underwriters prior to the date hereof of the preliminary official statement, dated \_\_\_\_\_, 2006, relating to the Bonds (the "Preliminary Official Statement"), which the Authority and the City have each deemed final as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12"), except for information permitted to be omitted therefrom by Rule 15c2-12. The Authority and the City hereby agree to deliver or cause to be delivered to the Underwriters within seven (7) business days of the date hereof and not less than three (3) business days prior to the Closing, copies of the final Official Statement relating to the Bonds, dated the date hereof (including all information previously permitted to be omitted by Rule 15c2-12 and any amendments or supplements as have been approved by the Authority, the City and the Underwriters) (the

“Official Statement”). The Authority and the City hereby agree to deliver or cause to be delivered to the Underwriters copies of the Official Statement in sufficient quantity to enable the Underwriters to comply with the rules of the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Underwriters hereby agree to file a copy of the Official Statement with the Municipal Securities Rulemaking Board and with a nationally recognized securities information repository as soon as practicable after the date hereof. The Underwriters shall advise the Authority and the City of the date and repository of such filing.

4. Authority Representations, Warranties and Agreements. The Authority represents and warrants to and agrees with the Underwriters that, as of the date hereof and as of the Closing Date:

(a) The Authority is and will be on the Closing Date a joint exercise of powers authority duly organized and validly existing pursuant to the laws of the State of California with the full power and authority to issue the Bonds, to execute and deliver the Official Statement, and to enter into this Purchase Contract and the Financing Documents to be executed by it;

(b) By all necessary official action of the Authority prior to or concurrently with the acceptance hereof, the Authority has duly authorized and approved the distribution of the Preliminary Official Statement and the Official Statement and the execution and delivery of, and the performance by the Authority of the obligations on its part contained in, the Bonds and the Financing Documents to be executed by it and the consummation by it of all other transactions contemplated by the Official Statement and this Purchase Contract, and the Bonds, the Financing Documents to which the Authority is a party and this Purchase Contract, when executed and delivered by the respective parties thereto, will constitute the legal, valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought;

(c) To the current, actual knowledge of the Authority, after reasonable investigation, the execution and delivery of the Financing Documents to be executed by it, and this Purchase Contract, and compliance with the provisions on the Authority's part contained herein and therein, will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the Authority under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided in the Financing Documents [limitations under discussion];

(d) To the current, actual knowledge of the Authority, after reasonable investigation, the Authority is not in any material respect in breach of or default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice or both, would constitute a default or an event of default under any such instrument [limitations under discussion];

(e) To the current, actual knowledge of the Authority, after reasonable investigation, other than as disclosed in the Official Statement, the Authority has not been served with process in, or overtly threatened with, any action, suit, proceeding, inquiry or investigation against the Authority, at law or in equity, before or by any court, governmental agency, public board or body, in any material respect affecting the existence of the Authority or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the sale, execution or delivery of the Bonds or the payment of Revenues under the Program Obligation or in any way contesting or affecting the validity or enforceability of the Bonds, the Financing Documents to which the Authority is a party or this Purchase Contract or contesting the powers of the Authority or its authority to enter into, adopt or perform its obligations under any of the foregoing, or contesting in any way the completeness or accuracy of the Official Statement, or any amendment or supplement thereto [limitations under discussion];

(f) To the current actual knowledge of the Authority after reasonable investigation, except as may be required under blue sky or other securities laws of any state, or with respect to any permits or approvals heretofore received which are in full force and effect, or which will be obtained in due course, [or the requirement for which is otherwise disclosed in the Official Statement], there is no consent, approval, authorization or other order of, or filing with, or certification by, any governmental authority, board, agency or commission or other regulatory authority having jurisdiction over the Authority required for the execution and delivery of this Purchase Contract and the Financing Documents to which the Authority is a party or the consummation by the Authority of the other transactions contemplated by the Official Statement, this Purchase Contract or the Financing Documents to which the Authority is a party [limitations under discussion];

(g) The Authority will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Underwriters may reasonably request in order to qualify the Bonds for offer and sale under the blue sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate and will use its best efforts to continue such qualification in effect so long as required for distribution of the Bonds; provided, that in no event shall the Authority be required to take any action which would subject it to general or unlimited service of process in any jurisdiction in which it is not now so subject;

(h) As of the date thereof, the Preliminary Official Statement (excluding information concerning [the Bond Insurer, the Bond Insurance Policy,] DTC and the book-entry system, as to which no representation is made) did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect;

(i) As of the date thereof and at all times subsequent thereto to and including the date which is 25 days after the End of the Underwriting Period (as hereinafter defined) for the Bonds, the Official Statement (excluding information concerning [the Bond Insurer, the Bond Insurance Policy,] DTC and the book-entry system, as to which no representation is made) did not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(j) If between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds an event occurs which might or would cause the information contained in the Official Statement (excluding information concerning [the Bond Insurer, the Bond Insurance Policy,] DTC and the book-entry system, as to which no representation is made), as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the Authority will notify the Underwriters, and, if in the opinion of the Authority, the Underwriters or their respective counsel, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority will forthwith prepare and furnish to the Underwriters (at the expense of the Authority) a sufficient number of copies of an amendment or supplement to the Official Statement (in form and substance satisfactory to counsel for the Underwriters) to enable the Underwriters to comply with the rules of the Securities and Exchange Commission and the Municipal Securities Rulemaking Board, which will amend or supplement the Official Statement so that it will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. For the purposes of this subsection, between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, the Authority will furnish such information with respect to itself as the Underwriters may from time to time reasonably request;

(k) If the information contained in the Official Statement is amended or supplemented pursuant to subparagraph 4(j) or 5(j) hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the Bonds, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein, but excluding information concerning the Bond Insurer, the Bond Insurance Policy, DTC and the book-entry system) will not contain any untrue statement

of a material fact or omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading;

(l) After the Closing Date, the Authority will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Underwriters shall reasonably object in writing or which shall be disapproved by counsel for the Underwriters;

(m) As used herein and for the purposes hereof, the term "End of the Underwriting Period" for the Bonds shall mean the earlier of (i) the Closing Date (unless the Authority shall have been notified in writing to the contrary by the Underwriters on or prior to the Closing Date), or (ii) the date on which the End of the Underwriting Period for the Bonds has occurred under Rule 15c2-12; provided, however, that the Authority may treat as the End of the Underwriting Period for the Bonds the date specified as such in a notice from the Underwriters stating the date which is the end of the Underwriting Period; and

(n) the Authority will apply the proceeds of the Bonds in accordance with the Indenture.

5. City Representations, Warranties and Agreements. The City represents and warrants to and agrees with the Underwriters that, as of the date hereof and as of the Closing Date:

(a) The City is and will be on the Closing Date a municipal corporation and charter city organized and existing under and pursuant to the Constitution and laws of the State of California with full power and authority to execute and deliver the Official Statement, to approve this Purchase Contract and to enter into the Financing Documents to be executed by it;

(b) By all necessary official action of the City prior to or concurrently with the acceptance hereof, the City has duly authorized and approved the distribution of the Preliminary Official Statement and the Official Statement and the execution and delivery of the Official Statement and the execution and delivery of, and the performance by the City of the obligations on its part contained in, the Financing Documents to be executed by it, and the consummation by it of all other transactions contemplated by the Official Statement and this Purchase Contract, and the Financing Documents to which the City is a party and this Purchase Contract, when executed and delivered by the respective parties thereto, will constitute the legal, valid and binding obligations of the City enforceable against the City in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought;

(c) To the current, actual knowledge of the City, after reasonable investigation, the execution and delivery of the Financing Documents to be executed by

it, and this Purchase Contract, and compliance with the provisions on the City's part contained herein and therein, will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the City under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided in the Financing Documents [limitations under discussion];

(d) To the current, actual knowledge of the City, after reasonable investigation, the City is not in any material respect in breach of or default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice or both, would constitute a default or an event of default under any such instrument [limitations under discussion];

(e) To the current, actual knowledge of the City, after reasonable investigation, other than as disclosed in the Official Statement, the City has not been served with process in, or overtly threatened with, any action, suit, proceeding, inquiry or investigation against the City, at law or in equity, before or by any court, governmental agency, public board or body, in any material respect affecting the existence of the City or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the sale, execution or delivery of the Bonds or the payment of the Revenues pursuant to the Program Obligation or in any way contesting or affecting the validity or enforceability of the Bonds, the Financing Documents to which the City is a party or this Purchase Contract or contesting the powers of the City or its authority to enter into, adopt or perform its obligations under any of the foregoing, or contesting in any way the completeness or accuracy of the Official Statement, or any amendment or supplement thereto [limitations under discussion];

(f) To the current actual knowledge of the City after reasonable investigation, except as may be required under blue sky or other securities laws of any state, or with respect to any permits or approvals heretofore received which are in full force and effect, or which will be obtained in due course, [or the requirement for which is otherwise disclosed in the Official Statement], there is no consent, approval, authorization or other order of, or filing with, or certification by, any governmental authority, board, agency or commission or other regulatory authority having jurisdiction over the City required for the execution and delivery of this Purchase Contract and the Financing Documents to which the City is a party or the consummation by the City of the other transactions contemplated by the Official Statement, this Purchase Contract or the Financing Documents to which the City is a party [limitations under discussion];

(g) The City will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Underwriters may reasonably request in order to qualify the Bonds for offer and sale under the blue sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate and will use its best efforts to continue such qualification in effect so long as required for distribution of the Bonds; provided, however, that in no event shall the City be required to take any action which would subject it to general or unlimited service of process in any jurisdiction in which it is not now so subject;

(h) As of the date thereof, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect;

(i) As of the date thereof and at all times subsequent thereto to and including the date which is 25 days after the End of the Underwriting Period (as hereinabove defined) for the Bonds, the Official Statement (excluding information concerning [the Bond Insurer, the Bond Insurance Policy,] DTC and the book-entry system, as to which no representation is made) did not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(j) If between the date hereof and the date which is 25 days after the End of the Underwriting Period, an event occurs which might or would cause the information contained in the Official Statement (excluding information concerning [the Bond Insurer, the Bond Insurance Policy,] DTC and the book-entry system, as to which no representation is made), as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the City will notify the Underwriters, and, if in the opinion of the Underwriters, the City or their respective counsel, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City will forthwith prepare and furnish to the Underwriters (at the expense of the City) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to counsel for the Underwriters) which will amend or supplement the Official Statement so that it will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. For the purposes of this subsection, between the date hereof and the date which is 25 days after the End of the Underwriting Period, the City will furnish such information with respect to itself as the Underwriters may from time to time reasonably request;

(k) If the information contained in the Official Statement is amended or supplemented pursuant to subparagraph 4(j) or 5(j) hereof, at the time of each supplement

or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein, but excluding information concerning [the Bond Insurer, the Bond Insurance Policy,] DTC and the book-entry system) will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading;

(l) After the Closing Date, the City will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Underwriters shall reasonably object in writing or which shall be reasonably disapproved by counsel for the Underwriters;

(m) The financial statements of the City contained as Appendix B to the Official Statement fairly present the financial position and results of operations of the City as of the dates and for the periods therein set forth in accordance with generally accepted accounting principles applied consistently; and as of the date hereof, except as expressly set forth in the Official Statement, there has been no material adverse change in the financial condition or results of operations of the City since the date of such financial statements; and

(n) Between the date of this Purchase Contract and the Closing Date, the City will not, without the prior written consent of the Underwriters, which the Underwriters will not withhold unreasonably, offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, nor will the City undertake any act that results in any adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the City, in either case other than in the ordinary course of its business or as disclosed in the Official Statement.

#### 6. Conditions to the Obligations of the Underwriters.

The Underwriters hereby enter into this Purchase Contract in reliance upon the representations, warranties and agreements of the Authority and the City contained herein and the representations and warranties of the Authority and the City to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Authority and the City of their obligations hereunder, both on and as of the date hereof and as of the Closing Date. Accordingly, the Underwriters' obligations under this Purchase Contract to purchase, to accept delivery of and to pay for the Bonds shall be subject, at the option of the Underwriters, to the accuracy in all material respects of the representations and warranties of the Authority and the City contained herein as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the City and the Authority made in any certificate or other document furnished pursuant to the provisions hereof, to the performance by the Authority and the City of their respective obligations to be performed

hereunder and under the Financing Documents at or prior to the Closing Date, and also shall be subject to the following additional conditions:

(a) The Underwriters shall receive, within seven business days of the date hereof and not less than three business days prior to the Closing, a sufficient number of copies of the Official Statement (including all information previously permitted to have been omitted by Rule 15c2-12 and any amendments or supplements as have been approved by the Underwriters), to enable the Underwriters to comply with the rules of the Securities and Exchange Commission and the Municipal Securities Rulemaking Board;

(b) At the Closing, the Financing Documents shall have been duly authorized, executed and delivered by the respective parties thereto, and the Official Statement shall have been duly authorized, executed and delivered by the Authority and the City, all in substantially the forms heretofore submitted to the Underwriters, with only such changes as shall have been agreed to in writing by the Underwriters, and shall be in full force and effect; and there shall be in full force and effect such resolution or resolutions of the Board of Directors of the Authority and the City Council of the City as, in the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), shall be necessary or appropriate in connection with the transactions contemplated hereby;

(c) Between the date hereof and the Closing Date, the market price or marketability, at the initial offering price set forth in the Official Statement, of the Bonds shall not have been materially adversely affected, in the reasonable judgment of the Underwriters (evidenced by a written notice to the Authority and the City terminating the obligation of the Underwriters to accept delivery of and make any payment for the Bonds), by reason of any of the following:

(1) an amendment to the Constitution of the United States or the State of California shall have been passed or legislation shall have been introduced in or enacted by the Congress of the United States or the legislature of any state having jurisdiction of the subject matter or legislation pending in the Congress of the United States shall have been amended or legislation shall have been recommended to the Congress of the United States or to any state having jurisdiction of the subject matter or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been proposed for consideration by either such Committee by any member thereof or presented as an option for consideration by either such Committee by the staff of such Committee or by the staff of the Joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or of the State of California or the Tax Court of the United States, or a ruling shall have been made or a regulation or

temporary regulation shall have been proposed or made or any other release or announcement shall have been made by the Treasury Department of the United States, the Internal Revenue Service or other federal or State of California authority, with respect to federal or State of California taxation upon revenues or other income of the general character to be derived by the Authority or upon interest received on obligations of the general character of the Bonds which, in the reasonable judgment of the Underwriters, may have the purpose or effect, directly or indirectly, of affecting the tax status of the Authority, its property or income, its securities (including the Bonds) or the interest thereon, or any tax exemption granted or authorized by State of California legislation or, in the reasonable judgment of the Underwriters, materially and adversely affecting the market for the Bonds or the market price generally of obligations of the general character of the Bonds;

(2) the declaration of war or engagement in military hostilities by the United States or the occurrence of any other national or international emergency or calamity or any escalation of any thereof relating to the effective operation of the government of or the financial community in the United States;

(3) the declaration of a general banking moratorium by federal, State of New York or State of California authorities, or a major financial crisis or a material disruption in commercial banking or securities settlement or clearance services shall have occurred, or the general suspension of trading or minimum or maximum prices for trading shall have been fixed and be in force or maximum ranges or prices for securities shall have been required and be in force on any national securities exchange;

(4) the imposition by the New York Stock Exchange or other national securities exchange, or any governmental authority, of any restrictions not now in force with respect to the Bonds or obligations of the general character of the Bonds or securities generally, or the increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Underwriters;

(5) legislation introduced by committee, by amendment or otherwise, in, or enacted by, either house of Congress, or an order, decree or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary or proposed) or press release issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, or the Bonds, including any or all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended, or that the execution, offering or sale of obligations of the general character of the Bonds, or of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official

Statement, otherwise is or would be in violation of the federal securities laws as amended and then in effect;

(6) the withdrawal or downgrading of any rating of debt obligations similar to the Bonds that are secured by the credit of the City by a national rating agency or the placing of debt obligations similar to the Bonds that are secured by the credit of the City on credit watch or under review of any such rating agency that has assigned a rating to such debt obligations; or

(7) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriters, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect of causing the Official Statement to contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; or

(8) the New York Stock Exchange or other national securities exchange, or any governmental agency shall have: (i) imposed additional material restrictions not in force as of the date hereof with respect to trading in securities, generally, or to Bonds or similar obligations; (ii) materially increased restrictions now in force with respect to the extension of credit by or the charge to the net capital requirements of underwriters or broker-dealers; and

(d) At or prior to the Closing Date, the Underwriters shall have received the following documents, in each case satisfactory in form and substance to the Representative:

(1) Two copies of the Financing Documents, each duly executed and delivered by the respective parties thereto;

(2) The approving opinion, dated the Closing Date and addressed to the Authority, of Bond Counsel in substantially the form attached to the Official Statement as Appendix E, and a letter of such counsel, dated the Closing Date and addressed to the Representative to the effect that such opinion may be relied upon by the Underwriters to the same extent as if such opinion were addressed to them;

(3) The supplemental opinion, dated the Closing Date and addressed to the Representative, of Bond Counsel, substantially to the effect that (i) this Purchase Contract has been duly executed and delivered by the Authority and (assuming due authorization, execution and delivery by and validity with respect to the Underwriters and the City) constitutes a valid and binding agreement of the Authority subject to (A) bankruptcy or other laws affecting creditors' rights and (B) the application of equitable principles, and no opinion need be expressed with respect to any indemnification or contribution provisions therein; (ii) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust

Indenture Act of 1939, as amended [(no opinion need be expressed with respect to the Bond Insurance Policy)]; and (iii) the statements contained in the Official Statement under the captions “THE BONDS”, “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS”, “TAX MATTERS”, APPENDIX D – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS” and APPENDIX E – “PROPOSED FORM OF OPINION OF BOND COUNSEL” (excluding any material that may be treated as included under such captions by cross-reference) insofar as such statements expressly summarize certain provisions of the Indenture, the Master Project Lease and the Program Obligation and the form and content of Bond Counsel’s opinion concerning the Bonds, are accurate in all material respects;

(4) The opinion of the counsel for the Authority, dated the Closing Date in substantially the form attached to this Purchase Contract as Exhibit B;

(5) The opinion of counsel to the City, dated the Closing Date in substantially the form attached to this Purchase Contract as Exhibit C;

(6) The opinions of Orrick, Herrington & Sutcliffe LLP, as Special Counsel to the City, dated the Closing Date and in substantially the form attached to this Purchase Contract as Exhibit D;

(7) The opinion of Nixon Peabody LLP, San Francisco, California, counsel for the Underwriters, dated the Closing Date and addressed to the Representative, substantially to the effect that (i) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended[, provided that no opinion is expressed with respect to the Bond Insurance Policy]; and (ii) assuming the due authorization, execution and delivery of the Continuing Disclosure Certificate by the City and the enforceability thereof, the Continuing Disclosure Certificate satisfies (b)(5)(i) of Rule 15c2-12 of the Securities Exchange Act (the “Rule”), for an undertaking for the benefit of the holders of the Bonds to provide the information in the manner and at the times required by said Rule. In addition, such counsel shall state in its letter containing the foregoing opinion, or in a separate letter dated the Closing Date, that, in such counsel’s capacity as counsel to the Underwriters, to assist the Underwriters in part of their responsibility with respect to the Official Statement, such counsel participated in conferences with representatives of the Underwriters and representatives of the City, the Authority, its counsel, Orrick, Herrington & Sutcliffe LLP, as Bond Counsel, and others, during which the contents of the Official Statement and related matters were discussed and that based upon the participation of such Underwriters’ Counsel in the above-mentioned conferences, and in reliance thereon and on the records, documents, certificates and opinions mentioned in such letter, during the course of their representation of the Underwriters on this matter, no facts came to their attention which caused them to believe that the Official Statement as of its date or as of the date of such letter (except for any financial, statistical, economic, demographic data or forecasts,

numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, the Appendices thereto, or any information about book-entry, tax exemption, DTC, [the Bond Insurer the Bond Insurance Policy] included or referred to therein, which such counsel to the Underwriters may expressly exclude from the scope of such letter and as to all of which such counsel need express no opinion or view), contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that such Underwriters' Counsel need not pass on or undertake to determine independently or assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement, and need make no representation concerning the accuracy, completeness or fairness of such statements;

(8) The opinion of counsel to the Trustee, dated the Closing Date and addressed to the Authority, the City and the Representative, in substantially the form attached to this Purchase Contract as Exhibit E;

(9) A certificate or certificates, dated the Closing Date, signed by a duly authorized official of the Authority satisfactory to the Representative, in form and substance satisfactory to the Representative, to the effect that, to the current, actual knowledge of such official (after reasonable investigation, which did not include a search of federal, state or other court or agency records) (i) the representations and warranties of the Authority contained in this Purchase Contract are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; (ii) other than as disclosed in the Official Statement, the Authority has not been served with process in, or overtly threatened with, any litigation (a) to restrain or enjoin the issuance, sale or delivery of any of the Bonds or the collection of amounts constituting Revenues under the Indenture, (b) in any way contesting or affecting the validity of the Bonds, this Purchase Contract or the Financing Documents to which the Authority is a party, or (c) in any way contesting the existence or powers of the Authority; and (iii) no event affecting the Authority has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the Closing Date any statement or information contained in the Official Statement relating to the Authority or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein relating to the Authority not misleading in any material respect;

(10) A certificate or certificates, dated the Closing Date, signed by a duly authorized official of the City satisfactory to the Representative, in form and substance satisfactory to the Representative, to the effect that, to the current, actual knowledge of such official (after reasonable investigation, which did not include a search of federal, state or other court or agency records) (i) the representations and warranties of the City contained in this Purchase Contract are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; (ii) other than as disclosed in the

Official Statement, the City has not been served with process in, or overtly threatened with, any litigation (a) to restrain or enjoin the issuance, sale or delivery of the Bonds under the Indenture or the payment of the Revenues to be paid by the City under the Program Obligation; (b) in any way contesting or affecting the validity of the Bonds, this Purchase Contract or the Financing Documents to which the City is a party; or (c) in any way contesting the existence or powers of the City; and (iii) no event affecting the City has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the Closing Date any statement or information contained in the Official Statement relating to the City or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein relating to the City not misleading in any material respect;

(11) A certificate, dated the Closing Date, signed by a duly authorized officer of the Trustee, satisfactory in form and substance to the Representative, to the effect that (i) the Trustee is a national banking association organized and existing under and by virtue of the laws of the United States of America, having the full power and being qualified to enter into and perform its duties under the Indenture; (ii) the Trustee is duly authorized to enter into the Indenture and the Indenture has been duly executed and delivered by the Trustee; (iii) the execution and delivery of the Indenture and compliance with the provisions on the Trustee's part contained therein, will not (to the best knowledge of such official) conflict with or constitute a violation or breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Trustee is a party or is otherwise subject (except that no representation, warranty or agreement is made with respect to any federal or state securities or blue sky laws or regulations), nor will any such execution, delivery or compliance result (to the best knowledge of such official) in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Trustee pursuant to the lien created by the Indenture under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Indenture; and (iv) to the best of the knowledge of such official, the Trustee has not been served with any action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, nor is any such action or other proceeding threatened against the Trustee, affecting the existence of the Trustee, or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the collection of Revenues to be applied to pay the principal, premium, if any, and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Indenture, or contesting the powers of the Trustee or its authority to enter into, adopt or perform its obligations under any of the foregoing, wherein an unfavorable decision, ruling or finding would adversely affect the validity or enforceability of the Indenture;

(12) Two copies of the Official Statement, executed on behalf of the Authority and the City by authorized representatives thereof;

(13) Two certified copies of the general resolution of the Trustee authorizing the execution and delivery of the Indenture;

(14) Two certified copies of the Authority Resolution authorizing the execution and delivery of the Financing Documents to which the Authority is a party, the Official Statement and this Purchase Contract;

(15) A certified copy of the Joint Powers Agreement of the Authority;

(16) Two certified copies of the City Resolution authorizing the execution and delivery of the Financing Documents to which the City is a party, the Official Statement and the approval of this Purchase Contract;

(17) Copies of the certificates, opinions and title policy satisfying the requirements of Section 2.06 of the Master Project Lease with respect to the property added pursuant to the Sixth Amendment to Master Project Lease and the issuance of the Bonds;

(18) Evidence that any ratings described in the Official Statement are in full force and effect as of the Closing Date;

(19) A copy of any Blue Sky Survey with respect to the Bonds, prepared by counsel for the Underwriters; and

(20) A copy of the Blanket Letter of Representation to DTC relating to the Bonds signed by DTC and the Authority;

(21) A tax certificate related to the Series A Bonds by the Authority and the City in form and substance acceptable to Bond Counsel and the Underwriters; and

(22) [The Bond Insurance Policy, together with certificates of the Bond Insurer, as applicable, and opinions of counsel relating to the legal status of the Bond Insurer, the information pertaining to the Bond Insurer and the Bond Insurance Policy contained in the Official Statement, and the enforceability of the Bond Insurance Policy, all in form and substance acceptable to Bond Counsel and the Underwriters;]

(23) Such additional legal opinions, certificates, proceedings, instruments, title insurance, other insurance policies or evidences thereof and other documents as the Underwriters, Underwriters' Counsel or Bond Counsel may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the representations of the Authority and the City herein and of the statements and information contained in the Official Statement, and the due performance or satisfaction by the Trustee, the Authority and the City

at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by any of them in connection with the transactions contemplated hereby and by the Financing Documents.

If the Authority or the City shall be unable to satisfy the conditions to the Underwriters' obligations contained in this Purchase Contract or if the Underwriters' obligations shall be terminated for any reason permitted herein, all obligations of the Underwriters hereunder may be terminated by the Underwriters at, or at any time prior to, the Closing Date by written notice to the City and the Authority and neither the Underwriters nor the Authority or the City shall have any further obligations hereunder.

7. Expenses.

All expenses and costs incident to the authorization, execution, delivery and sale of the Bonds to the Underwriters, including the costs of preparing the Bonds, printing and electronically posting the Preliminary Official Statement and the Official Statement, the cost of duplicating the Financing Documents, the fees of accountants, consultants and rating agencies, the bond insurance premium, if any, the initial fee of the Trustee and its counsel in connection with the execution and delivery of the Bonds and the fees and expenses of Bond Counsel, shall be paid from the proceeds of the Bonds. In the event that the Bonds for any reason are not issued, or to the extent proceeds of the Bonds are insufficient or unavailable therefor, any fees, costs and expenses owed by the Authority to the Trustee, which otherwise would have been paid from the proceeds of the Bonds, shall be paid by the City. All out-of-pocket expenses of the Underwriters, including traveling and other expenses, including those associated with the California Debt and Investment Advisory Commission fee, the costs of preparation of the Blue Sky Survey and the fees and expenses of Underwriters' Counsel, shall be paid by the Underwriters.

8. Parties in Interest. This Purchase Contract is made solely for the benefit of the Authority, the City and the Underwriters (including the successors or assigns of any of the Underwriters) and no other person shall acquire or have any right hereunder or by virtue hereof.

9. Notices.

Any notice or other communication to be given to the parties to this Purchase Contract may be given by delivering the same in writing to the respective party at the following address:

Underwriters:           Merrill Lynch, Pierce, Fenner & Smith Incorporated  
                                  101 California Street, Suite 1225  
                                  San Francisco, California 94111  
                                  Attention: Cheryl Hines, Director

City and Authority: City of Sacramento  
c/o City Treasurer  
915 I Street  
HCH, 3<sup>rd</sup> Floor #0900  
Sacramento, California 95814-2704

with a copy to: City Attorney  
City of Sacramento  
915 I Street, 4<sup>th</sup> Floor  
Sacramento, California 95814-2704

10. Survival of Representations and Warranties.

The representations and warranties of the Authority and the City set forth in or made pursuant to this Purchase Contract shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing or termination of this Purchase Contract and regardless of any investigations or statements as to the results thereof made by or on behalf of the Underwriters and regardless of delivery of and payment for the Bonds.

11. Effectiveness.

This Purchase Contract shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by a duly authorized officer of the Authority and the execution of the approval hereof by the City and shall be valid and enforceable as of the time of such acceptance and approval.

12. Execution in Counterparts.

This Purchase Contract may be executed in counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

13. California Law Governs. The validity, interpretation and performance of this Purchase Contract shall be governed by the laws of the State of California.

14. Entire Agreement. This Purchase Contract when accepted by the Authority and the City in writing as heretofore specified shall constitute the entire agreement between the Authority, the City and the Underwriters.

[Remainder of This Page Intentionally Left Blank]

If the above terms are acceptable, please cause a duly authorized officer of the Authority and the City to execute the acceptance below.

Very truly yours,

By: MERRILL LYNCH, PIERCE, FENNER  
& SMITH INCORPORATED,  
as Representative

By: \_\_\_\_\_  
Authorized Signatory

ACCEPTED:

SACRAMENTO CITY FINANCING  
AUTHORITY

By: \_\_\_\_\_  
Name: Thomas P. Friery  
Title: Treasurer

APPROVED:

CITY OF SACRAMENTO

By: \_\_\_\_\_  
Name: Thomas P. Friery  
Title: City Treasurer

**EXHIBIT A  
MATURITY SCHEDULE**

<u>Payment Dates (December 1)</u>	<u>Principal Maturity</u>	<u>Mandatory Sinking Fund Payment</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
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EXHIBIT B

[Opinion of Authority Counsel]

[Closing Date]

Sacramento City Financing Authority

Merrill Lynch, Pierce, Fenner & Smith Incorporated  
as Representative of the Underwriters

[Insurer]

Re: Sacramento City Financing Authority 2006 Capital Improvement Revenue Bonds, Series A (Community Reinvestment Capital Improvement Program) and 2006 Taxable Capital Improvement Revenue Bonds, Series B (Community Reinvestment Capital Improvement Program)

Ladies and Gentlemen:

I am the City Attorney for the City of Sacramento ("City"). I have been acting for our office, the City and the Sacramento City Financing Authority ("Authority") in connection with the issuance and delivery of the Sacramento City Financing Authority 2006 Capital Improvement Revenue Bonds, Series A (Community Reinvestment Capital Improvement Program) and 2006 Taxable Capital Improvement Revenue Bonds, Series B (Community Reinvestment Capital Improvement Program) (collectively, the "Bonds"). This opinion is furnished to you in connection with the Purchase Contract dated \_\_\_\_\_, 2006 ("Purchase Contract") between the Authority, on one hand, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Representative of the "Underwriters", on the other hand, and approved by the City providing for, *inter alia*, the purchase of \_\_\_\_\_ dollars (\$ \_\_\_\_\_) aggregate principal amount of the Bonds. The Bonds are being issued pursuant to an Indenture dated as of June 1, 2006 ("Indenture") between the Authority and The Bank of New York Trust Company, N.A., as trustee. Unless otherwise defined herein, or the context otherwise requires, capitalized terms used herein shall have the respective meanings ascribed to them in the Indenture, or if not defined in the Indenture, in the Purchase Contract.

This opinion is governed by, and shall be interpreted in accordance with, the Legal Opinions Accord ("Accord") included in the Third-Party Legal Opinion Report of the ABA Section of Business Law (1991). This opinion is also governed by, and shall be interpreted in accordance with, the Business Law Section of the State Bar of California Report on the Third-Party Legal Opinion Report of the ABA Section of Business Law (dated May 1992). As a consequence, it is subject to a number of qualifications, exceptions, definitions, limitations on

coverage, understandings, and other matters, all as more particularly described in the Accord and the California Provisions, and this opinion must be read in conjunction therewith.

Based upon an examination of such information, papers, and documents as I deemed necessary or advisable to enable me to render this opinion, including the Constitution and laws of the State of California, together with the governing instruments, ordinances and public proceedings of the Authority, at and as of the date of this letter, I am of the opinion that:

1. The Authority is a joint exercise of powers authority of the State duly organized and validly existing under the laws of the State with full legal right, power and authority (i) to have adopted the resolutions approving the execution and delivery of the Master Site Lease and the Master Project Lease (each as defined in the Purchase Contract) in the form originally entered into and the amendments thereto prior to the Fifth Amendment to Master Site Lease and the Sixth Amendment to Master Project Lease referenced in the following clause, (ii) to adopt Resolution No. 2006-\_\_\_ adopted by the Authority at its regular meeting on \_\_\_\_\_, 2006 (the "2006 Resolution," and together with the resolutions referenced in clause (i), the "Resolutions") approving the issuance of the Bonds and the execution and delivery of the Indenture, the Purchase Contract, the Fifth Amendment to Master Site Lease dated as of June 1, 2006 between the City and the Authority and the Sixth Amendment to Master Project Lease dated as of June 1, 2006 between the Authority and the City (the foregoing documents collectively are referred to herein as the "2006 Bond Documents," and together with the Master Project Lease and the Master Site Lease, the "Bond Documents"), and the Official Statement (the "Official Statement") relating to the Bonds dated \_\_\_\_\_, 2006, (iii) to enter into, execute, deliver and perform its obligations under the Bonds and the Bond Documents, (iv) to sell and deliver the Bonds as provided in the Purchase Contract, (v) to carry out and consummate the transactions on its part contemplated by the Bond Documents and the Official Statement, (vi) to execute, deliver and authorize the use by the Underwriters, in connection with the marketing of the Bonds, of the Official Statement.

2. The Authority has duly authorized the issuance of the Bonds and the execution, delivery and performance by the Authority of its obligations under the Bond Documents.

3. The Bond Documents and the Official Statement have been duly executed and delivered by the Authority and, assuming due authorization, execution and delivery by the other parties thereto, the Bond Documents constitute the legal, valid and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms, subject to the following qualifications (and all others specified herein): (a) the effect of applicable bankruptcy, insolvency, reorganization, moratorium, redemption, fraudulent transfer and other similar laws affecting the rights of creditors generally; (b) the effect of the exercise of judicial discretion in accordance with general principles of equity (whether applied by a court of law or equity); and (c) the effect on enforceability by the unenforceability under certain circumstances of provisions imposing penalties, forfeitures or late payment charges upon delinquency in payment or the occurrence of a default, and no opinion is expressed as to any indemnification provisions contained in the Bond Documents.

4. By all necessary official action, the Authority has duly adopted the Resolutions at meetings duly called and held in accordance with the requirements of all applicable laws and at which a quorum of the Authority was continuously present. The Resolutions has not been modified, amended or rescinded since the respective dates of their adoption.

5. To my current, actual knowledge after reasonable investigation, other than as disclosed in the Official Statement, the Authority has not been served with process in, or overtly threatened with, any action, suit, proceeding or investigation at law or in equity before any court, public board or body that (a) affects the existence of the Authority, or the titles of its officers to their respective offices; or (b) seeks to restrain or enjoin the issuance of the Bonds or the execution and delivery of the Bond Documents, the application of the proceeds thereof in accordance with the terms thereof, or the collection or application of the Revenues thereunder; or (c) in any way contests the validity or enforceability of the Bond Documents or the Resolutions, or the powers of the Authority or its authority with respect to the Bond Documents or the Resolutions, or any action on the part of the Authority contemplated by any of these documents. [limitations under discussion]

6. To my current, actual knowledge, after reasonable investigation, the adoption of the 2006 Resolution, the execution and delivery of the 2006 Bond Documents, and compliance by the Authority with the terms of the Bond Documents, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the Authority a breach or default under (a) any agreement or other instrument to which the Authority is a party and of which I am aware, or by which it is bound and of which I am aware; or (b) any existing law, regulation, court order or consent decree to which the Authority is subject and of which I am aware. [limitations under discussion]

7. No authorization, approval, consent, permits, licenses or other order of the State of California or any other governmental authority, commission or agency within the State of California, is required for the valid authorization, execution and delivery of the 2006 Bond Documents and the approval of the Official Statement, other than authorizations, approvals, consents, permits, licenses or orders that have been obtained (and other than such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and the sale of the Bonds [and such approvals, consents and orders the requirement for which is otherwise disclosed in the Official Statement], as to which no opinion is expressed).

8. [Based upon examinations which I have made and my discussions in conferences with certain officials of the City, the Authority and others with respect to the Official Statement and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement (including the Appendices attached thereto), nothing has come to my attention which would lead me to believe that the Official Statement (other than financial and statistical data therein and incorporated therein by reference, and other than information relating to [the Bond Insurer, the Bond Insurance Policy] and DTC and its book-entry system, as to which no opinion is expressed) as of its date contained or as of the date of this letter contains an untrue statement of a material fact or

omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.][under discussion]

Very truly yours,

Counsel to the Sacramento City Financing  
Authority

EXHIBIT C

[Opinion of City Attorney]

[Closing Date]

City Council  
City of Sacramento

Merrill Lynch, Pierce, Fenner & Smith Incorporated  
as Representative of the Underwriters

Financial Guaranty Insurance Company

Re: Sacramento City Financing Authority 2006 Capital Improvement Revenue Bonds, Series A (Community Reinvestment Capital Improvement Program) and 2006 Taxable Capital Improvement Revenue Bonds, Series B (Community Reinvestment Capital Improvement Program)

Ladies and Gentlemen:

I am the City Attorney for the City of Sacramento ("City"). I have been acting for our office, the City and the Sacramento City Financing Authority ("Authority") in connection with the issuance and delivery of the Sacramento City Financing Authority 2006 Capital Improvement Revenue Bonds, Series A (Community Reinvestment Capital Improvement Program) and 2006 Taxable Capital Improvement Revenue Bonds, Series B (Community Reinvestment Capital Improvement Program) (collectively, the "Bonds"). This opinion is furnished to you in connection with the Purchase Contract dated \_\_\_\_\_, 2006 ("Purchase Contract") between the Authority, on one hand, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Representative of the "Underwriters", on the other hand, and approved by the City providing for, *inter alia*, the purchase of \_\_\_\_\_ dollars (\$\_\_\_\_\_) aggregate principal amount of the Bonds. The Bonds are being issued pursuant to an Indenture dated as of June 1, 2006 ("Indenture") between the Authority and The Bank of New York Trust Company, N.A., as trustee. Unless otherwise defined herein, or the context otherwise requires, capitalized terms used herein shall have the respective meanings ascribed to them in the Indenture, or if not defined in the Indenture, in the Purchase Contract.

This opinion is governed by, and shall be interpreted in accordance with, the Legal Opinions Accord ("Accord") included in the Third-Party Legal Opinion Report of the ABA Section of Business Law (1991). This opinion is also governed by, and shall be interpreted in accordance with, the Business Law Section of the Sate Bar of California Report on the Third-Party Legal Opinion Report of the ABA Section of Business Law (dated May 1992). As a consequence, it is subject to a number of qualifications, exceptions, definitions, limitations on

coverage, understandings, and other matters, all as more particularly described in the Accord and the California Provisions, and this opinion must be read in conjunction therewith.

Based upon an examination of such information, papers, and documents as I deemed necessary or advisable to enable me to render this opinion, including the Constitution and laws of the State of California, together with the governing instruments, ordinances and public proceedings of the Authority, at and as of the date of this letter, I am of the opinion that:

1. The City is a charter city of the State duly organized and validly existing under the laws of the State with full legal right, power and authority (i) to have adopted the resolutions approving the execution and delivery of the Master Site Lease and the Master Project Lease (each as defined in the Purchase Contract) in the form originally entered into and the amendments thereto prior to the Fifth Amendment to Master Site Lease and the Program Obligation referenced in the following clause, (ii) to adopt Resolution No. 2006-\_\_\_ adopted by the City Council of the City at its regular meeting on \_\_\_\_\_, 2006 (the "2006 Resolution" and together with the resolutions referenced in clause (i), the "Resolutions") approving the Purchase Contract and execution and delivery of the Fifth Amendment to Master Site Lease dated as of June 1, 2006, between the City and the Authority, the Sixth Amendment to Master Project Lease dated as of June 1, 2006 (the "Program Obligation") between the Authority and the City and the Continuing Disclosure Certificate of the City dated the date hereof (the foregoing documents collectively are referred to herein as the "2006 City Documents," and together with the Master Project Lease and the Master Site Lease, the "City Documents"), and the Official Statement (the "Official Statement") relating to the Bonds dated \_\_\_\_\_, 2006, (iii) to enter into, execute, deliver and perform its obligations under the City Documents, (iv) to carry out and consummate the transactions on its part contemplated by the City Documents and the Official Statement, (v) to execute, deliver and authorize the use by the Underwriters, in connection with the marketing of the Bonds, of the Official Statement.

2. The City has duly approved the Purchase Contract and has duly authorized the execution, delivery and performance by the City of its obligations under the City Documents.

3. The City Documents and the Official Statement have been duly executed and delivered by the City and, assuming due authorization, execution and delivery by the other parties thereto, the City Documents constitute the legal, valid and binding obligations of the City, enforceable against the City in accordance with their respective terms, subject to the following qualifications (and all others specified herein): (a) the effect of applicable bankruptcy, insolvency, reorganization, moratorium, redemption, fraudulent transfer and other similar laws affecting the rights of creditors generally; (b) the effect of the exercise of judicial discretion in accordance with general principles of equity (whether applied by a court of law or equity); and (c) the effect on enforceability by the unenforceability under certain circumstances of provisions imposing penalties, forfeitures or late payment charges upon delinquency in payment or the occurrence of a default, and no opinion is expressed as to any indemnification provisions contained in the City Documents.

4. By all necessary official action, the City Council has duly adopted the Resolutions at meetings duly called and held in accordance with the requirements of all applicable laws and at which a quorum of the City Council was continuously present. The

Resolutions have not been modified, amended or rescinded since the respective dates of their adoption.

5. To my current, actual knowledge after reasonable investigation, other than as disclosed in the Official Statement, the City has not been served with process in, or overtly threatened with, any action, suit, proceeding or investigation at law or in equity before any court, public board or body that (a) affects the City's title to the real property described in the Master Project Lease and the Program Obligation, or the existence of the City, or the titles of its officers to their respective offices; or (b) seeks to restrain or enjoin the application of the proceeds of the Bonds in accordance with the terms of the Indenture and the City Documents, or the collection or application of Revenues under the Program Obligation and the Indenture; or (c) in any way contests the validity or enforceability of the City Documents or the Official Statement or the powers of the City or its authority with respect to the City Documents or the Official Statement, or any action on the part of the City contemplated by any of these documents. [limitations under discussion]

6. To my current, actual knowledge after reasonable investigation, the adoption of the 2006 Resolution, the execution and delivery of the 2006 City Documents, and compliance by the City with the terms of the City Documents, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the City a breach or default under (a) any agreement or other instrument to which the City is a party, and of which I am aware, or (b) any existing law, regulation, court order or consent decree to which the City is subject and of which I am aware. [limitations under discussion]

7. No authorization, approval, consent, permits, licenses or other order of the State of California or any other governmental authority, commission or agency within the State of California, is required for the valid authorization, execution and delivery of the 2006 City Documents and the approval of the Official Statement, other than authorizations, approvals, consents, permits, licenses or orders that have been obtained (and other than such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and the sale of the Bonds [and such approvals, consents and orders the requirement for which is otherwise disclosed in the Official Statement], as to which no opinion is expressed).

8. I have reviewed the exceptions to title set forth in the following preliminary title reports prepared by \_\_\_\_\_ as of the listed effective dates, and on which the title insurance policy dated as of the date of issuance of the Bonds has been issued. Based upon the review of the exceptions as described in said preliminary title reports only [(and with no review of recorded or unrecorded documents relating to said exceptions, nor review of any related City or Authority records), none of the exceptions appear to be of a nature that would support a substantial threat of material impairment of the City's beneficial use and occupancy of the property described in said preliminary reports.

Report Order No.

Effective Date

9. [Based upon examinations which I have made and my discussions in conferences with certain officials of the City, the Authority and others with respect to the Official Statement and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement (including the Appendices attached thereto), nothing has come to my attention which would lead me to believe that the Official Statement (other than financial and statistical data therein and incorporated therein by reference, and other than information relating to [the Bond Insurer, the Bond Insurance Policy] and DTC and its book-entry system, as to which no opinion is expressed) as of its date contained or as of the date of this letter contains an untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.][under discussion]

Very truly yours,

City Attorney of the City of Sacramento

EXHIBIT D

[Closing Date]

City Council  
City of Sacramento  
Sacramento, California

Merrill Lynch, Pierce, Fenner & Smith Incorporated, as  
Representative of the Underwriters  
San Francisco, California

[Insurer]

Sixth Amendment to Master Project Lease,  
dated as of June 1, 2006, by and between the  
Sacramento City Financing Authority  
and the City of Sacramento

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(Legal Opinion)

Ladies and Gentlemen:

We have acted as special counsel in connection with the execution and delivery of the Master Project Lease executed and entered into as of December 1, 1999 (the "Original Project Lease"), by and between the Sacramento City Financing Authority (the "Authority") and the City of Sacramento (the "City"), as amended by the Amendment to Master Project Lease executed and entered into as of July 1, 2000, by and between the Authority and the City, as further amended by the Second Amendment to Master Project Lease executed and entered into as of April 1, 2001, by and between the Authority and the City, as further amended by the Third Amendment to Master Project Lease executed and entered into as of July 1, 2002, by and between the Authority and the City, as further amended by the Fourth Amendment to Master Project Lease, executed and entered into as of September 1, 2003, by and between the Authority and the City, as further amended by the Fifth Amendment to Master Project Lease, executed and entered into as of June 1, 2005 and as further amended by the Sixth Amendment to Master Project Lease, executed and entered into as of June 1, 2006 (the Original Project Lease, as amended by the Amendment to Master Project Lease, the Second Amendment to Master Project Lease, the Third Amendment to Master Project Lease, the Fourth Amendment to Master Project Lease, the Fifth Amendment to Master Project Lease and the Sixth Amendment to Project Lease are collectively referred to herein as the "Master Project Lease"), by and between the Authority and the City; and in such connection we have reviewed (i) the Master Site Lease executed and entered into as of December 1, 1999 (the "Original Site Lease"), by and between the City and the Authority, as amended by the Amendment to Master Site Lease executed and entered into as of July 1, 2000, by and between the City and the Authority, as further amended by the Second Amendment to Master Site Lease executed and entered into as of April 1, 2001, by and between the City and the Authority as further amended by the Third Amendment to Master Site Lease executed and entered into as of July 1, 2002, by and between the City and the Authority, as

further amended by the Fourth Amendment to Master Site Lease executed and entered into as of September 1, 2003 and as further amended by the Fifth Amendment to Master Site Lease executed and entered into as of June 1, 2006 (the Original Site Lease, as amended by the Amendment to Master Site Lease, the Second Amendment to Master Site Lease, the Third Amendment to Master Site Lease, the Fourth Amendment and the Fifth Amendment to the Master Site Lease are (collectively referred to herein as the "Master Site Lease"), by and between the City and the Authority, (ii) the Master Project Lease, (iii) the Purchase Contract dated \_\_\_\_\_, 2006 (the "Purchase Contract") between Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative of the underwriters identified in the Purchase Contract and the Authority (and approved by the City) providing for the purchase of \$ \_\_\_\_\_ aggregate principal amount of the Sacramento City Financing Authority 2006 Capital Improvement Revenue Bonds, Series A (Community Reinvestment Capital Improvement Program) and 2006 Taxable Capital Improvement Revenue Bonds, Series B (Community Reinvestment Capital Improvement Program), (iv) Resolution No. FA2006-\_\_\_ of the Authority and Resolution No. CC2006-\_\_\_ of the City, each adopted on \_\_\_\_\_, 2006, (v) certificates of the Authority and the City, (vi) opinions of counsel to the Authority and the City, and (vii) such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Our engagement with respect to the Master Project Lease has concluded with its execution and delivery, and we disclaim any obligation to update this opinion. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the City. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the first paragraph hereof. Furthermore, we have assumed compliance with all agreements and covenants contained in the Master Site Lease, the Master Project Lease and the Purchase Contract. We call attention to the fact that the rights and obligations under the Master Site Lease, the Master Project Lease and the Purchase Contract and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations in the State of California. We express no opinion with respect to any indemnification contribution, penalty, choice of law, choice of forum, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in the Master Site Lease or the Master Project Lease or the accuracy or sufficiency of the description of any such property contained therein.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The City is a municipal corporation duly organized and existing under and by virtue of the laws of the State of California.
2. The Purchase Contract has been duly approved by the City.
3. The Master Site Lease and the Master Project Lease have been duly executed and delivered by, and constitute the valid and binding obligations of, the City, and the obligation of the City to make the [Capital Improvement] Base Rental Payments (as that term is defined in the Sixth Amendment to Master Project Lease) during the term of the Master Project Lease constitutes a valid and binding obligation of the City, payable from funds of the City lawfully available therefor, and does not constitute a debt of the City or the State of California within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the City or the State of California is obligated to levy or pledge any form of taxation.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

EXHIBIT E

[Opinion of the Trustee's Counsel]

[Closing Date]

Sacramento City Financing Authority

Merrill Lynch, Pierce, Fenner & Smith Incorporated,  
as Representative of the Underwriters

Sacramento City Financing Authority 2006 Capital Improvement  
Revenue Bonds, Series A (Community Reinvestment Capital  
Improvement Program) and 2006 Taxable Capital Improvement  
Revenue Bonds, Series B (Community Reinvestment Capital  
Improvement Program)

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Ladies and Gentlemen:

We have acted as counsel to \_\_\_\_\_ (the "Trustee") in its capacity as Trustee under that certain Indenture dated as of June 1, 2005 (the "Indenture") by and between the Sacramento City Financing Authority (the "Authority") and the Trustee relating to the issuance of the Authority's 2006 Capital Improvement Revenue Bonds, Series A (Community Reinvestment Capital Improvement Program) and 2006 Taxable Capital Improvement Revenue Bonds, Series B (Community Reinvestment Capital Improvement Program) (collectively, the "Bonds"); and all capitalized terms used herein not otherwise defined shall have the meanings ascribed to them in the Indenture.

In rendering this opinion, our review has been limited to review of, with your express permission, the Indenture, which upon we have expressly relied and, with your express permission, solely upon the certificates of public officials and of the Trustee delivered in connection with the issuance of the Bonds as we have deemed necessary for rendering the opinions set forth below. We have made no independent investigation as to whether those certificates are accurate or complete.

We have also, with your express permission, assumed without independent investigation or verification (i) the genuineness of all signatures (other than the signatures of the Trustee) to all documents and other papers; (ii) the authenticity of all documents submitted to us as originals; (iii) the conformity to original documents of all documents submitted to us as copies; (iv) other than the Trustee's execution and performance of the Indenture, each entity has the power to execute and perform all its obligations thereunder, the due authorization by each such other entity of all requisite action, the due execution and delivery of all documents by such other

entity, and that each document is enforceable against each such other entity according to its terms; (v) there are no oral or written terms or conditions agreed to by the Trustee or any other party that would expand or modify respective rights and obligations of any of the parties or affect our opinions rendered herein; and (vi) the legal capacity of all natural persons. We express no opinion as to the perfection or priority of any security interest or lien created by the Indenture.

Based on and subject to and limited by the qualifications and assumptions set forth herein and reliance thereon, we are of the opinion that:

(a) The Trustee is a national banking association duly organized and existing under the laws of the United States, with trust powers, and has the corporate power and authority to carry on its business as presently conducted; and

(b) The Indenture have been duly authorized, executed and delivered by the Trustee, and constitutes a valid and binding obligation of the Trustee, enforceable against it in accordance with the respective terms thereof, subject to applicable bankruptcy, insolvency, moratorium, reorganization, arrangement and other similar laws affecting the rights of creditors (including creditors of national and state banks) generally or by the application of general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law) and the effect of judicial decisions which have held that certain provisions are unenforceable where their enforcement would violate the implied covenant of good faith and fair dealing, or would be commercially unreasonable and the effect of judicial decisions permitting the introduction of extrinsic evidence to modify the terms or the interpretation of the Indenture.

We advise you that we are not general counsel to the Trustee and do not represent the Trustee on a continuing basis in such capacity. Rather, we represent the Trustee on specific matters from time to time.

We call to your attention the fact that our legal opinions are an expression of professional judgment and not a guarantee of a result. This opinion is limited to matters expressly set forth herein and no opinion may be inferred beyond the matters set forth herein. Acceptance of this opinion by you shall conclusively operate as your acknowledgment that this opinion letter addresses all of the specific legal issues that are to be dealt with in our opinions set forth hereinabove.

In rendering the opinions expressed above we do not purport to be experts in, or generally familiar with, or qualified to express legal opinions based upon the laws of any jurisdiction other than the federal laws of the United States of America and the laws of the State of California (without reference to its conflicts of laws rules) which are in effect on the date hereof. Accordingly, without limitation, we express no opinion as to the effect or application of any federal or state tax and securities law, the validity, enforceability or priority of any collateral given for obligations of the Authority, or any other party to the financing, the availability of specific performance or injunctive relief, or as to matters governed by any laws other than the federal laws of the United States of America and the laws of the State of California except as limited herein.

No opinion is expressed herein as to the validity of the Bonds, whether the Bonds have been delivered to the purchaser thereof or whether the Bonds are entitled to the benefits of the Indenture, such matters being the subject of the final approving opinion of Bond Counsel, Orrick, Herrington & Sutcliffe LLP.

We do not undertake to advise you of matters which may come to our attention subsequent to the date hereof which may affect our legal opinions expressed herein.

This opinion is solely for the benefit of the addressees in connection with this transaction and may not be relied upon by, nor may copies be delivered to (except to the extent included in the compendium of the closing documents delivered to the participants of the captioned transaction), nor may this letter be quoted in any respect to any other person for any purpose whatsoever without our prior written consent in each instance. No attorney-client relationship has existed or exists between our firm and yourselves in connection with the issuance of the Bonds or by virtue of this letter.

Respectfully submitted,